

To the Members of the California Senate:

I am returning Senate Bill 940 (Torlakson) without my signature.

Changes in law made prior to my Administration greatly expanded the type and number of projects that are considered to be public works and thus covered by prevailing wage requirements. Many low-income housing and other residential projects are now subject to prevailing wage requirements, adding additional costs to the groups funding those projects.

Unfortunately, the Department of Industrial has less than two-thirds of the information it needs for residential rate determinations. Absent the collective bargaining agreements necessary to establish those missing rates, or some other mechanism by which the department can establish residential rates, a number of residential public works projects are being forced to pay higher commercial rates. This bill does nothing to remedy that deficiency.

Instead, this bill imposes a costly mandate on the department to post a patchwork of available residential rates without addressing the underlying problem. The problem is not the failure to publish existing residential rates, but the lack of residential rates for all relevant crafts. I encourage the Legislature to look at this issue more closely next year and send me legislation that truly addresses the problem.

Sincerely,

Arnold Schwarzenegger